

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2011 Second Round

September 28, 2011

Project Number CA-2011-129

Project Name Mija Town Homes
Site Address: 4501-4507 South Figueroa Street
Los Angeles, CA 90037 County: Los Angeles
Census Tract: 2321.200

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$550,290	\$0
Recommended:	\$550,290	\$0

Applicant Information

Applicant: Mija Town Homes, a California Limited Partnership
Contact: Abhay Gokani
Address: 5846 Carlton Way, Suite A
Los Angeles, CA 90028
Phone: (323) 465-6611 Fax: (323) 465-6612
Email: abhay@sbcglobal.net

General partner(s) or principal owner(s): Leela Enterprises, a California Corporation
Community Revitalization and Development Corp.
General Partner Type: Joint Venture
Developer: Leela Enterprises, a CA Corp.
Investor/Consultant: PNC Multifamily Capital
Management Agent: Barker Management

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 21
No. & % of Tax Credit Units: 20 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: N/A
Utility Allowance: CUAC
Affordability Breakdown by Units and % (Lowest Income Points):
30% AMI: 2 10 %
40% AMI: 2 10 %
45% AMI: 9 45 %

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: Los Angeles County
TCAC Project Analyst: Jack Waegell

Unit Mix

11 3-Bedroom Units
10 4-Bedroom Units

21 Total Units

Unit Type & Number	2011 Rents Targeted % of Area Median Income	2011 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
1 3 Bedrooms	30%	30%	\$666
1 3 Bedrooms	40%	40%	\$888
4 3 Bedrooms	45%	45%	\$999
4 3 Bedrooms	60%	60%	\$1,332
1 4 Bedrooms	30%	30%	\$743
1 4 Bedrooms	40%	40%	\$991
5 4 Bedrooms	45%	45%	\$1,114
3 4 Bedrooms	60%	60%	\$1,486
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$1,136

Project Financing

Estimated Total Project Cost: \$6,993,224
Estimated Residential Project Cost: \$6,993,224

Residential

Construction Cost Per Square Foot: \$123
Per Unit Cost: \$333,011

Construction Financing

Source	Amount
Wilshire State Bank	\$4,346,278
Deferred Developer Fee	\$811,163
Tax Credit Equity	\$1,835,783

Permanent Financing

Source	Amount
Wilshire State Bank	\$1,436,841
Deferred Developer Fee	\$328,630
Tax Credit Equity	\$5,227,753
TOTAL	\$6,993,224

Determination of Credit Amount(s)

Requested Eligible Basis:	\$4,703,332
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$6,114,332
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$550,290
Approved Developer Fee in Project Cost:	\$811,163
Approved Developer Fee in Eligible Basis:	\$405,582
Investor/Consultant:	PNC Multifamily Capital
Federal Tax Credit Factor:	\$0.95000

Per Regulation Section 10322(i)(4)(A), The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$4,703,332
Actual Eligible Basis:	\$5,813,332
Unadjusted Threshold Basis Limit:	\$5,940,068
Total Adjusted Threshold Basis Limit:	\$7,355,483

Adjustments to Basis Limit:

Parking Beneath Residential Units

One or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features:

- Install bamboo, stained concrete, cork, salvaged or FSC-Certified wood, ceramic tile, or natural linoleum in all common areas
- Project meets all requirements of US EP A Indoor Air Plus Program.

Local Development Impact Fees

95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First:	Large Family
Second:	10.915%

Cost Analysis and Line Item Review

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitations. Annual operating expenses exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 9.00% of the qualified basis, or, in the case of acquisition credit or credit combined with federal subsidies, 3.40%. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Special Issues/Other Significant Information: None.

Legal Status: Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

Local Reviewing Agency:

The Local Reviewing Agency, the Los Angeles Housing Department, has completed a site review of this project and supports this project.

Recommendation: Staff recommends that the Committee make a preliminary reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal Tax Credits/Annual
\$550,290

State Tax Credits/Total
\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation, any Readiness 180-Day Requirements elected, and a Final Reservation. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of ten years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(6) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Additional Conditions: None.

Points System	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency / Credit Reduction / Public Funds	20	20	15
Cost Efficiency	20	20	15
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¼ mile of transit stop, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of public library	2	2	3
Within ½ mile of a neighborhood market of at least 5,000 sf	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	1	1	1
Service Amenities	10	10	10
LARGE FAMILY HOUSING TYPE			
Adult ed/health & wellness/skill bldg classes, minimum 60 hrs/yr instruction	5	5	5
Health & wellness services and programs, minimum 100 hrs per 100 bdrms	5	5	5
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION			
Develop project in accordance w/ requirements of: GreenPoint Rated	5	5	5
Energy efficiency beyond CA Building Code Title 24 requirements: 20%	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	20	20
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	148	148	143

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

**DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS.
ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.**